



Employees' Retirement Board of Rhode Island
Monthly Meeting Minutes
Wednesday, January 8, 2014
9:00 a.m.
2nd Floor Conference Room, 50 Service Avenue

The Monthly Meeting of the Retirement Board was called to order at 9:07 a.m. Wednesday, January 8, 2014, in the 2nd Floor Conference Room, 50 Service Avenue, Warwick, RI.

I. Roll Call of Members

The following members were present at roll call: General Treasurer Gina M. Raimondo; Vice Chair William B. Finelli; Gary R. Alger, Esq.; Daniel L. Beardsley; Frank R. Benell, Jr.; Roger P. Boudreau; Michael R. Boyce; John P. Maguire; John J. Meehan; Claire M. Newell; Louis M. Prata and Jean Rondeau.

Also in attendance: Frank J. Karpinski, ERSRI Executive Director; Attorney Michael P. Robinson, Board Counsel.

Recognizing a quorum, Treasurer Raimondo called the meeting to order.

Richard A. Licht arrived at 9:10 a.m.

II. Approval of Minutes

On a motion by Gary R. Alger, Esq. and seconded by Frank R. Benell, Jr., it was unanimously

VOTED: To approve the draft minutes and executive session minutes of the December 17, 2013 meeting of the Employees' Retirement System of Rhode Island.

III. Chairperson's Report

Treasurer Raimondo informed the Board there has been no update on the pension reform litigation.

The Treasurer noted for the Board that since the December board meeting was held later in the month, the investment performance data was the same. She reminded the Board that Chief Investment Officer Anne Marie Fink will provide an update at the February Board meeting with year-end information.

Treasurer Raimondo thanked Director Karpinski for scheduling the Legislative Subcommittee Meeting in a timely fashion on January 10, 2014 at 10:00 a.m.

IV. Executive Director's Report

Director Karpinski apprised the Board that they were in possession of the December 31, 2013 Pension Application Report and the Disability Subcommittee Report.

The Director apprised the Board that based on the approved valuation from last month; there is a 0.67% cost-of-living adjustment (COLA) to be applied based on the first \$25,000 of pension benefits. He said there are 56 employers in the municipal system (MERS) who are over 80% funded that are eligible to receive COLA's. Director Karpinski noted that COLA's would only be applied to existing retirees who were retired on or before June 30, 2012. Members who retired after that date may only receive a COLA at the later of social security normal retirement age (SSNRA) or 3 years after retirement. In addition, the Director noted that another prerequisite for a COLA is that the employer must have had a previous COLA by either COLA B or C, regardless of the 80% funding requirement. He then said that the Teacher Survivors Benefit's (TSB) COLA is 1.5%, which will be applied in January 2014, he noted that TSB COLA's were not affected by the changes in RIRSA. Finally, the Director said that those who will receive a COLA would receive it the month following their retirement anniversary date during 2014.

Director Karpinski apprised the Board that the system is currently in the midst of processing tax changes and 1099R's. The Director also mentioned that four *Social Security Option Adjustment* presentations were done in December and one more presentation is scheduled on the ERSRI website for January. Director Karpinski said that of the 1,100 letters sent out, to date 209 responses were received and 180 of those opted not to take the option change.

Director Karpinski noted for the Board that in the delinquency report of contributions in the Board book, they are all current with the exception of the North Smithfield Fire and Rescue Services. He said if payment is not received by the end of the week, the normal collection of funds procedure will be initiated.

Director Karpinski apprised the Board that ERSRI's website has an updated "view" on the home page. He said the remaining functionality for member information is still the same.

Lastly, Director Karpinski told the Board that the Legislative Subcommittee meeting is scheduled for Friday January 10th at 10 a.m. to discuss treatment of delinquent member contributions.

Presentation and Approval of the Actuarial Valuation for the Judicial Retirement Benefits Trust as of June 30, 2013 by Gabriel, Roeder, Smith and Company (GRS)

Director Karpinski contacted Mr. Joseph P. Newton, FSA, of Gabriel, Roeder, Smith and Company (GRS) via video conference (Skype®). He apprised the Board that the presentation by Mr. Newton will reference judges who were appointed after 1991. He said there are two additional valuations forthcoming; namely, the State Police and the Teacher Survivors Benefits. Director Karpinski apprised the Board that Mr. Newton would be referring to the Executive Summary in the valuation report for his presentation.

Mr. Newton apprised the Board that unlike the State and Teachers' plan, the Judges' plan is fairly new and there are only 12 retirees as of June 30, 2013. He noted that asset losses would not have as large of an effect on the plan given the asset size relative to the size of the liabilities. In summary, Mr. Newton said there were positive results with the Judges' plan.

Mr. Boudreau asked for verification of Mr. Newton that the contribution rate is a product of the employee's normal cost plus an amortization cost and that it is consistent with the other State employees and Mr. Newton concurred.

On a motion by John P. Maguire and seconded by Roger P. Boudreau to accept and approve the Actuarial Valuation for the Judicial Retirement Benefits Trust as of June 30, 2013, by Gabriel, Roeder, Smith and Company, it was unanimously

VOTED: To accept and approve the Actuarial Valuation for the Judicial Retirement Benefits Trust as of June 30, 2013, by Gabriel, Roeder, Smith and Company

V. Administrative Decisions

None this month

VI. Approval of the December Pensions as Presented by ERSRI

On a motion by Vice Chair William B. Finelli and seconded by Roger P. Boudreau, it was unanimously

VOTED: To approve the December pensions as presented.

VII. Legal Counsel Report

Attorney Robinson suggested that a motion would be in order for the Board to convene in Executive Session to discuss the matter identified on the agenda pursuant to Rhode Island General Laws section §42-46-5 (a)(2) regarding pending or potential litigation involving the Retirement System.

Consistent with Rhode Island General Laws section §42-46-5 (a)(2), a motion was made by Richard A. Licht and seconded by Claire M. Newell to convene the Board in Executive Session to discuss the identified litigation matters involving the Board.

A roll call vote was taken to enter into Executive Session, the following members were present and voted Yea: General Treasurer Gina M. Raimondo; Vice Chair William B. Finelli; Gary R. Alger, Esq.; Daniel L. Beardsley; Frank R. Benell, Jr.; Roger P. Boudreau; Michael R. Boyce; Richard A. Licht; John P. Maguire; John J. Meehan; Claire M. Newell; Louis M. Prata and Jean Rondeau. It was unanimously

VOTED: To convene the Board in Executive Session pursuant to Rhode Island General Laws section §42-46-5 (a) (2) to discuss the identified litigation matter involving the Board.

[Executive Session]

The Board thereafter convened in executive session.

[Return to Open Session]

Upon returning to open session, the Board noted for the record that the following votes had been taken in executive session:

Board Counsel Michael P. Robinson apprised the Board that two unanimous votes were taken in Executive Session. The first was to refer the consideration of a draft regulation

relating to accidental disabilities and psychological issues to the Disability Subcommittee.

On a motion by Richard A. Licht and seconded by Jean Rondeau, it was unanimously,

VOTED: To refer to the Disability Subcommittee the consideration of a potential regulation relating to the adjudication of accidental disabilities and psychological issues.

Lastly, on a motion made by Vice Chair William B. Finelli and seconded by John P. Maguire, to exit executive session and return to open session, it was unanimously

VOTED: To exit executive session and return to open session.

VIII. Committee Reports

Disability Subcommittee:

The Disability Subcommittee recommended the following actions on disability applications for approval by the full Board as a result of its meeting on January 6, 2014:

Name	Membership Group	Type	Action
1. Jennifer Leyden	Teacher	Accidental	Postpone
2. Antonio Leite	Municipal	Accidental	Postpone
3. Alberto Dellava	State	Ordinary	Approve
4. Regina Socree	State	Accidental	Deny
5. Robert Lincourt	Municipal	Accidental	Postpone
6. Thomas Chace	State	Accidental	Approve @ 50%
7. David Lashus	Municipal	Accidental	Deny
8. Michelle Ellis	State	Ordinary	Approve
9. Patricia Zarembka	Teacher	Ordinary	Deny
10. Jacqueline Lee	Teacher	Ordinary	Approve

Mr. Boyce requested the recommendation of item No. 1 on this Disability Subcommittee Report namely, Ms. Jennifer Leyden, be addressed separately. The Chair of the Disability Subcommittee, William B. Finelli, agreed.

Mr. Boyce asked Board Counsel Robinson to give a synopsis of the *Jennifer Leyden vs. ERSRI* matter to the Board to assist him in his discussion. Attorney Robinson addressed the procedural history of the case, including the remand from Superior Court

to the Board, and the Disability Subcommittee's present recommendation to postpone the matter and to obtain three new independent medical examinations (IMEs).

Mr. Boyce motioned to overturn the recommendation of the Disability Subcommittee to send Ms. Leyden to three new IMEs, and moved to approve Ms. Leyden's application for accidental disability. He said despite one IME not finding the applicant disabled, the two remaining IMEs and the Board's medical advisor opined that Ms. Leyden was disabled. Mr. Boyce said the current recommendation, which would basically require Ms. Leyden to start the process again with three new IME's, was unnecessary and unjustified given the remand from the Superior Court and the other medical opinions. He also said the matter has been going on since 2009 and he strongly believed the recommendation of the Subcommittee should be overturned. Roger P. Boudreau seconded the motion.

Mr. Licht questioned the appropriateness of the pending motion and Attorney Robinson said that the full Board should have Ms. Leyden's full administrative record if it was inclined to reconsider the merits of the disability application. Mr. Boyce then withdrew his original motion and Mr. Boudreau withdrew his second, and Mr. Boyce then motioned to place the matter on the next agenda for full Board consideration and concurrently continue the scheduling of IME's. A discussion followed with regard to the procedure to be followed regarding the case.

At the conclusion of the discussion, a roll call vote was taken on the motion by Michael R. Boyce and seconded by Roger P. Boudreau to bring the matter to the full Board for reconsideration on its merits. A roll call was taken and the following members voted Yea: Vice Chair William B. Finelli; Roger P. Boudreau; Michael R. Boyce; John J. Meehan; Claire M. Newell and Louis M. Prata. The following members voted Nay: General Treasurer Gina M. Raimondo; Gary R. Alger, Esq.; Daniel L. Beardsley; Frank R. Benell, Jr.; Richard A. Licht and Jean Rondeau. John P. Maguire recused himself from the vote on number 1.

There being 12 votes cast, 6 voted in the affirmative, and 6 nay, consistent with Rhode Island General Laws 36-8-6, *Votes of the Board – Record of Proceedings*, there not being a majority vote of the members present and voting at which a quorum is present, the motion failed.

A motion was then made by William B. Finelli and seconded by Gary R. Alger, Esq. to approve the recommendation of the Disability Subcommittee meeting of Monday, January 6, 2014 on item 1. There being 12 votes cast, the following members voted Yea: General Treasurer Gina M. Raimondo; Vice Chair William B. Finelli; Gary R. Alger, Esq.; Daniel L. Beardsley; Frank R. Benell, Jr.; Richard A. Licht; John J. Meehan; Claire M. Newell; Louis M. Prata and Jean Rondeau. The following members voted Nay: Michael R. Boyce and Roger P. Boudreau. John P. Maguire recused himself from the vote on number 1. Consistent with Rhode Island General Laws 36-8-6, *Votes of the Board – Record of Proceedings*, there being a majority vote of the members present and voting at which a quorum is present it was then

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, January 6, 2014 on item 1.

On a motion by William B. Finelli and seconded by Michael R. Boyce it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, January 6, 2014 on items 2, 5, 6, 7 and 9.

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, January 6, 2014 on items 3, 4 and 8.

Claire M. Newell recused herself from the vote on numbers 3, 4, and 8.

On a motion by William B. Finelli and seconded by Michael R. Boyce it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, January 6, 2014 on item 10.

John P. Maguire recused himself from the vote on number 10.

Mr. Finelli apprised the Board that next month's Disability Subcommittee meeting date was changed from February 7th to the 6th (Thursday).

IX. Adjournment

There being no other business to come before the Board, on a motion by William B. Finelli and seconded by Roger P. Boudreau the meeting adjourned at 10:31 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director